

FREEWHEEL
A COMCAST COMPANY

**U.S. VIDEO
MARKETPLACE
REPORT**

A photograph of a woman and a young girl lying in bed, smiling and laughing. The woman is on the right, wearing a purple shirt, and the girl is on the left, wearing a white top. They are both holding a tablet together. The background is a soft-focus room. A large purple circular graphic is overlaid on the left side of the image.

THE YEAR OF ACCELERATED CHANGE

H1 2020

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U.S. VIDEO MARKETPLACE REPORT

H1 2020

The FreeWheel U.S. Video Marketplace Report highlights the changing dynamics of how enterprise-class content owners and distributors are monetizing premium digital video content.

The data set used for this report is one of the largest available on the usage and monetization of professional, rights-managed video content worldwide and is based on aggregated and anonymized advertising data collected through the FreeWheel platform.

#FreeWheelVMR

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THE YEAR OF ACCELERATED CHANGE

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WHATEVER
YOU WANT,
WHENEVER
YOU WANT,
~~WHEREVER~~
~~YOU WANT~~

*stuck
at home*





For TV, COVID-19 is not an agent of change, but rather, an accelerant—for audiences and advertisers alike. Time spent at home led to significant increases in viewing across all TV and premium video formats. People confirmed their preference for watching content on the “big screen,” with nearly 73% of ad views occurring on a connected TV (CTV) or set-top box (STB). Despite the disruption to live sports, they continued to flock to live television including accessing networks in vMVPD and new direct-to-consumer apps.

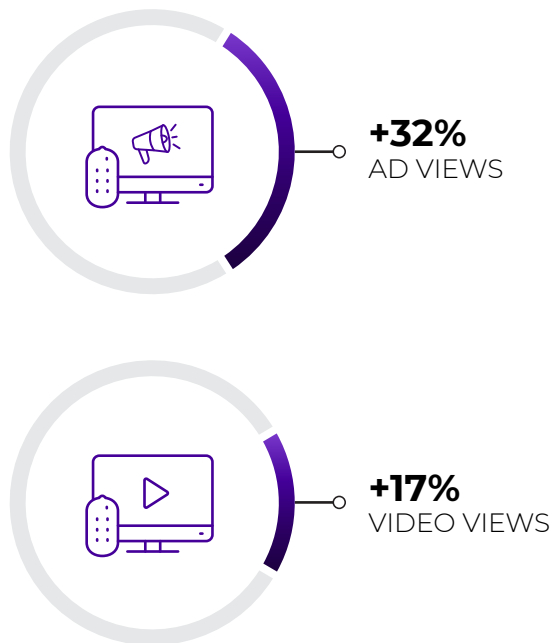
Just as TV enabled audiences flexibility during COVID-19, advertisers also took advantage of premium video’s value: the ability to reach targeted viewers, across channels and devices, in an engaged, lean-back environment. Despite changes to consumer behavior and, at times, content availability, the pandemic did not affect advertiser experience, with ad load times and ad repetition remaining stable.

Obviously, the pandemic affected global ad spend, and advertisers around the world pulled back spend on traditional TV due to economic uncertainty, as well as programming disruption. Nonetheless, digital investments increased compared to 2019, albeit by less than two percent¹. For some advertisers, COVID-19 may have accelerated investments in the digital space, as brands moved budget from canceled linear campaigns to digital channels. In some cases, the halt of “business as usual” freed up time for marketers to try alternative strategies, including OTT/CTV. Conversely, marketers spent less time on TV campaign planning (2.3 months compared to 4.2 months), further challenging the traditional Upfront buying model².

VIDEO VIEWING SOARS AS CONSUMERS HUNKER DOWN AT HOME

Confined to their four walls, and often with time to spare, audiences in the U.S. turned to home entertainment. In the first half of 2020, premium video views increased 17% year-over-year (YOY). Premium video ad views increased by 32%.

CHART 1
VIDEO VIEW AND AD VIEW GROWTH
H1 2020



DAYTIME TELEVISION TAKES ON NEW MEANING

In the early weeks of the pandemic, daytime viewing increased, although this normalized as people adjusted to being home. Entertainment was the most popular content vertical, but news consumption also

surged in the early months of the pandemic. It is likely people will watch less news once the pandemic is behind us; but premium video broadcasters have secured their place among the most trusted news sources.

As many parents and caregivers will attest, family content consumption steadily increased as the coronavirus raged on.

CHART 2 WEEK-OVER-WEEK DAYPART GROWTH

WEEK OF MARCH 16, vs. PRIOR WEEK

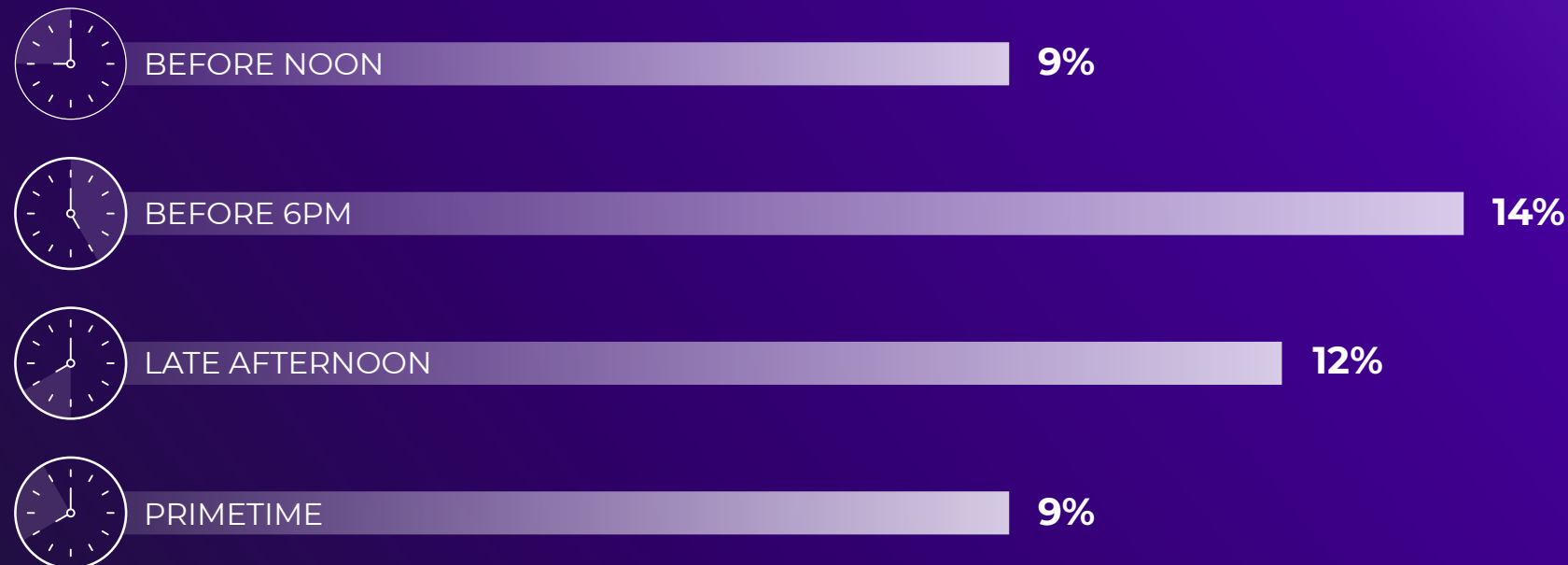


CHART 3
WHAT WE WATCHED DURING
LOCKDOWN IN FOUR STORIES
H1 2020

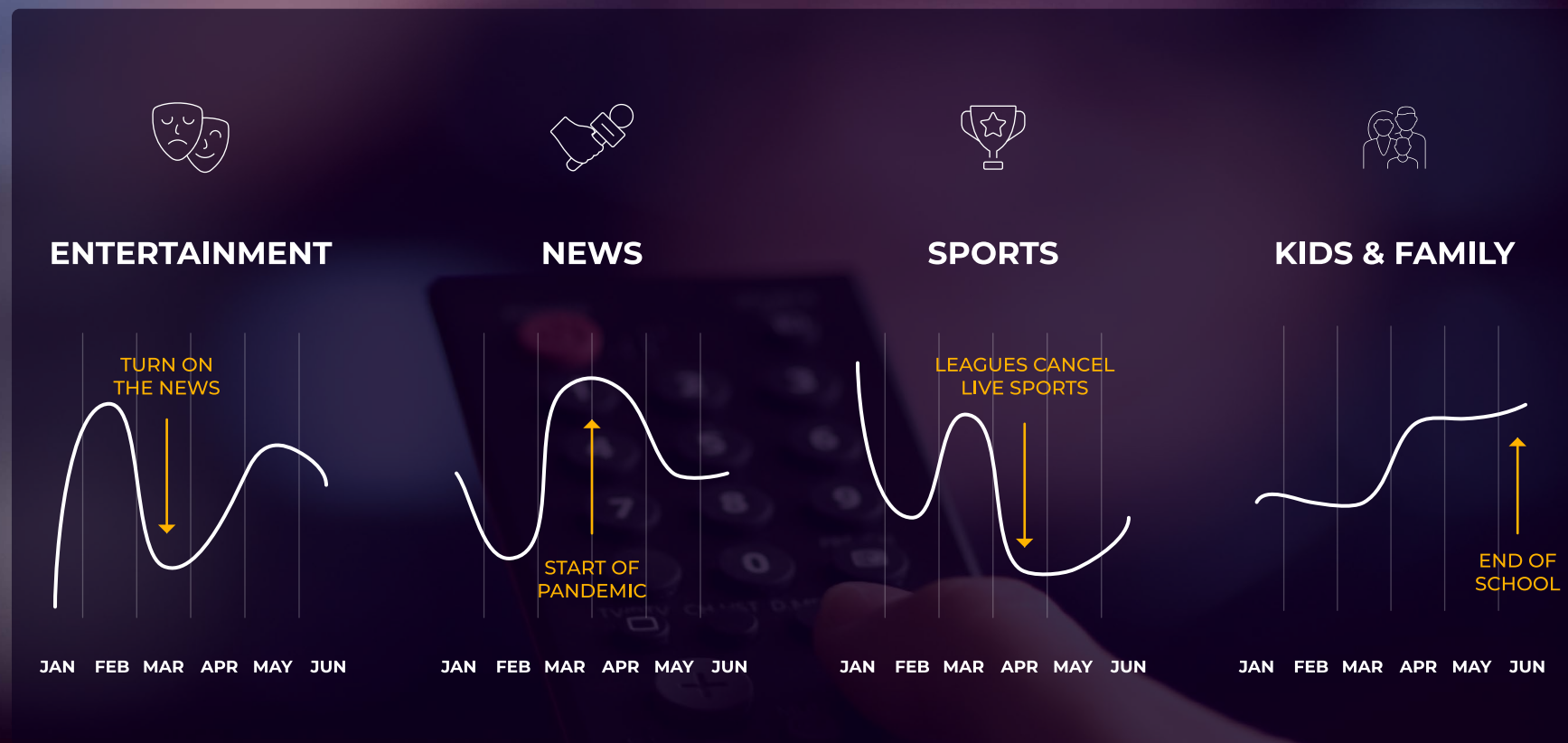
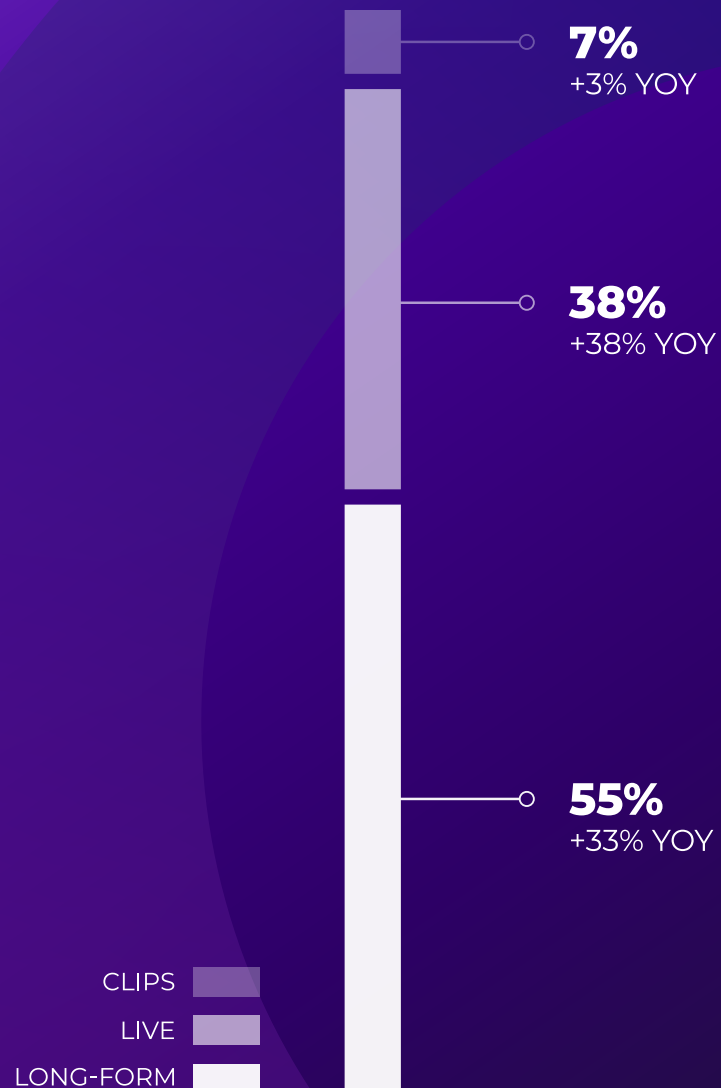


CHART 4
CONTENT COMPOSITION BY FORMAT
H1 2020 AD VIEWS



LIVE VIEWING SURGES, EVEN WITHOUT SPORTS

Despite the disruption to live sporting events and the consumer shift away from traditional TV, live TV consumption soared in the digital space, as audiences flocked to scheduled programming, particularly news, in search of the latest Covid-related updates. Consumption increased across all content durations and formats, with live ad views increasing the most at 38% closely followed by long-form. Clip ad views increased by just 3% YOY, in part because people watched fewer sports highlights.

LOCKED DOWN, WE TURN ON THE TV

The pandemic proves that when stuck at home, people prefer the best viewing experience possible: 'the big screen.' In the U.S., ad views on STB and CTV comprised 73% of total views in the first half of 2020. Compared to 2019, ad views on CTV increased by 42% largely driven based on

increased consumption of digitally delivered content via vMVPDs and new direct-to-consumer apps. In keeping with previous quarters, consumers were least likely to engage with content on desktop, with ad view consumption marginally decreasing (-2%) YOY. Although mobile ad views grew

17% YOY, mobile had a lower than usual share of 15% of total ad views. Once the pandemic is behind us, we predict content consumption on mobile will increase to its usual levels, as people turn to their devices once again to keep them company while commuting, traveling, and dining out.

CHART 5 AD VIEW COMPOSITION AND GROWTH, BY DEVICE

H1 2020

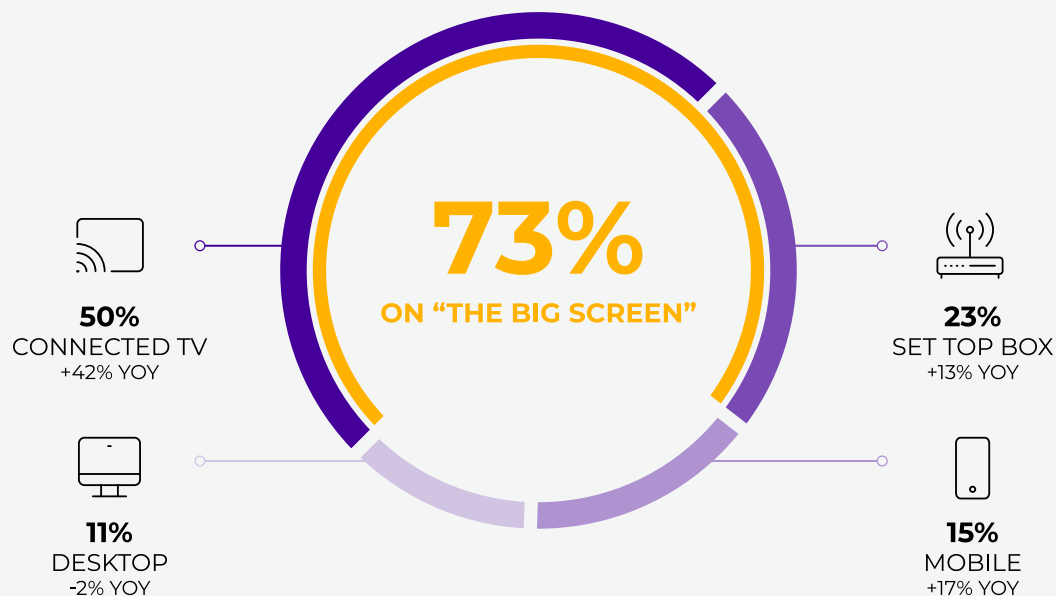
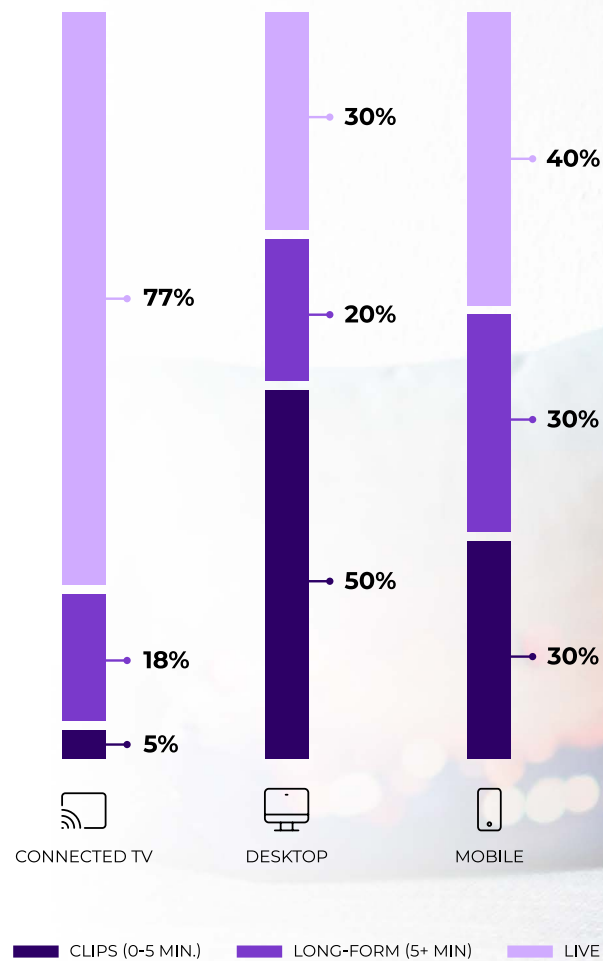


CHART 6 FORMAT COMPOSITION BY DEVICE, AD VIEWS

H1 2020

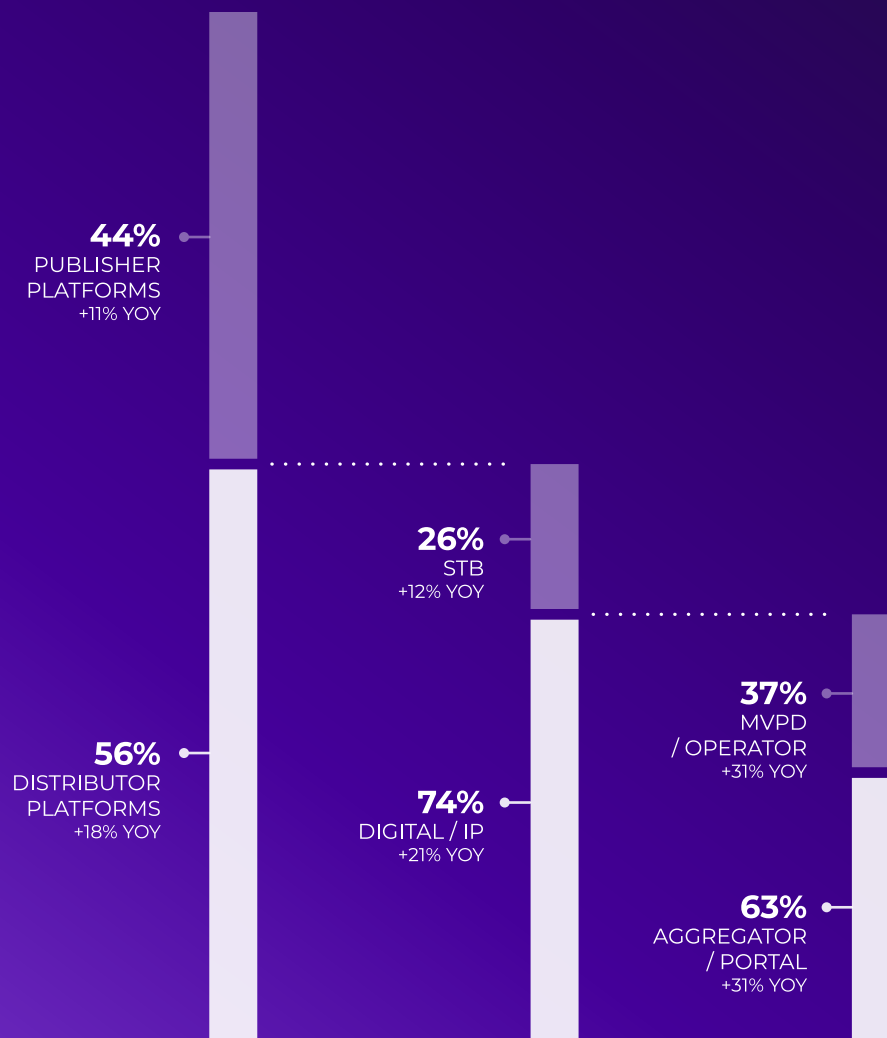


THE RISE OF NEW DIRECT-TO-CONSUMER OFFERINGS

Content companies, like brands, are working to create direct relationships with their customers, or audiences, as evidenced by ad views on O&O channels increasing by 11% YOY. Ad views on distributed channels and aggregator networks are also on the rise. Over the last nine months, a number of TV companies have launched or reinvigorated direct-to-consumer offerings, i.e. NBCU launching Peacock, WarnerMedia launching HBO Max, Viacom acquiring Pluto TV, CBS re-launching All Access, Apple and Disney continuing to invest in their streaming services (Apple TV+ and Disney+), Fox buying Tubi, and Comcast acquiring Xumo. Doing so allows content companies to forge direct relationships with consumers and collect valuable first party data so they can create more personalized experiences and offer marketers more targeted advertising opportunities.

CHART 7
SHARE AND GROWTH OF AD VIEWS BY DISTRIBUTION PLATFORM

H1 2020





PREMIUM VIDEO PRESERVES FAVORABLE VIEWER EXPERIENCE

Ad loads stayed consistent in the first half of 2020, compared to 2019, even during the disruption. In the U.S. mid-roll breaks on CTV averaged 3.5 ads, lower than both mobile and desktop viewing. During the height of the pandemic, many of these ads were PSA-style messaging, in which brands rolled out marketing that referred directly to COVID-19.

In keeping with a premium video trend, ad completion rates were incredibly high--99% for mid-roll ad breaks, even higher than Q1 2019. To maintain a key value point of the Premium Video experience, advertisers, publishers and distributors have made managing ad repetition a priority, keeping it low on both Live and On-demand content with over three quarters of content having zero ad repetition.

CHART 8
AD COMPLETION RATES BY UNIT
H1 2020



CHART 9
AVERAGE NUMBER OF ADS PER MID-ROLL BREAK, FULL EPISODES

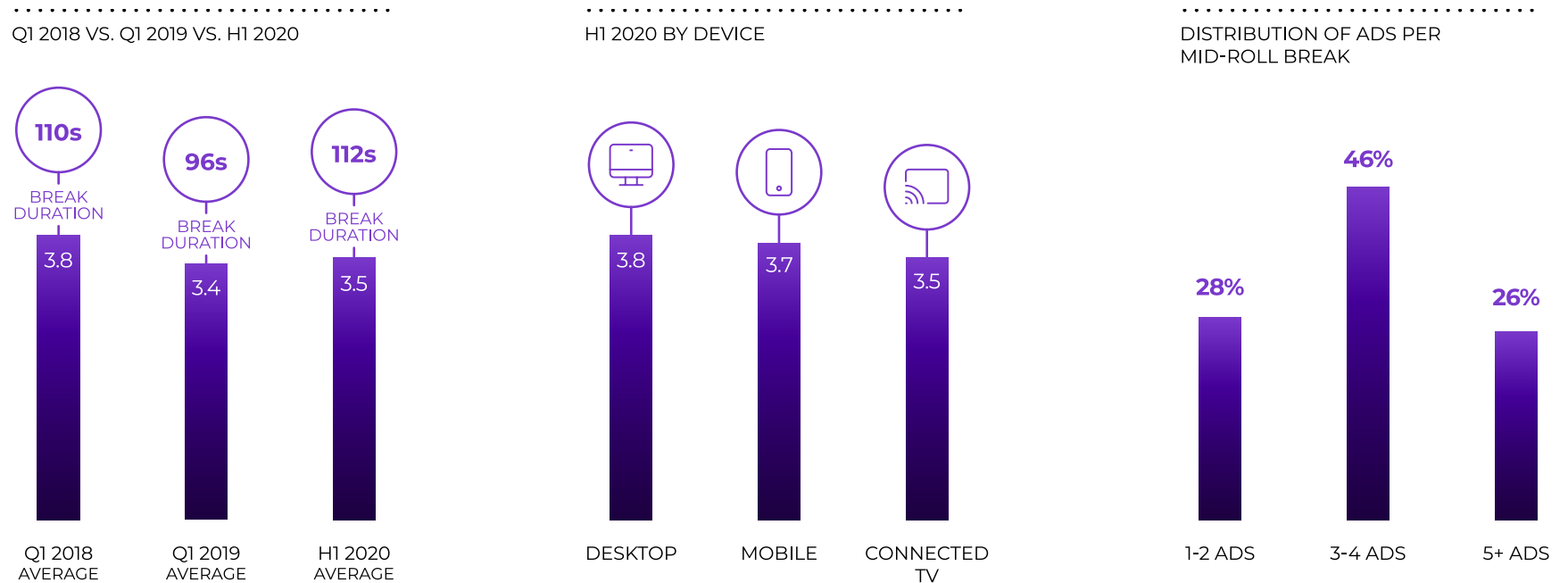
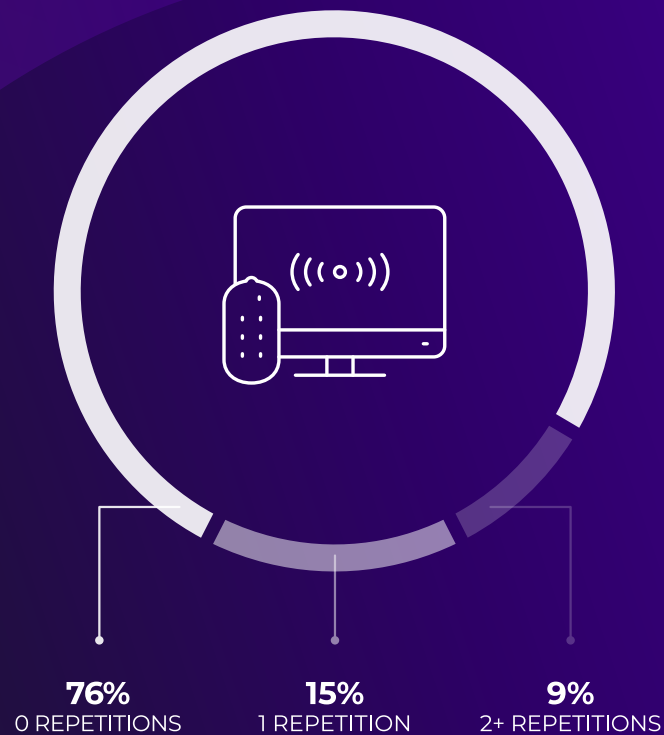
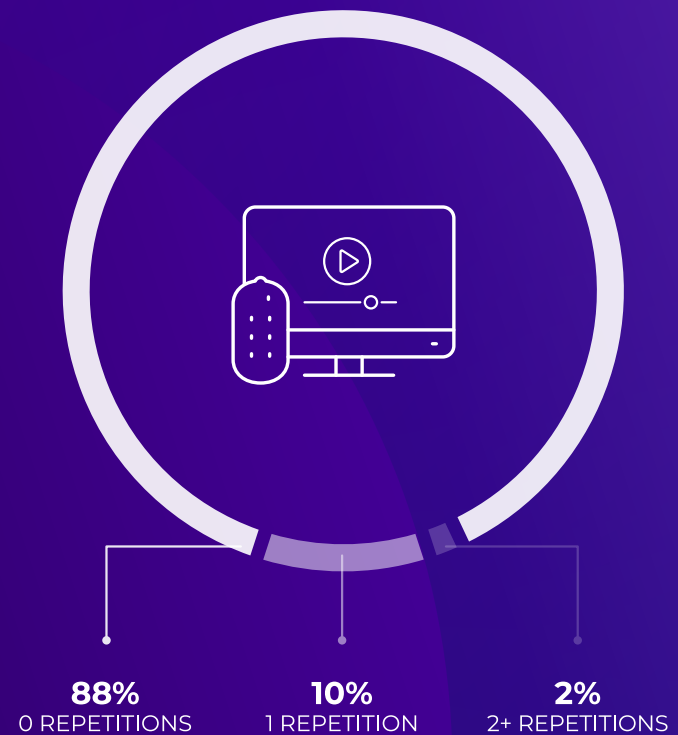


CHART 10
AD REPETITION
H1 2020

LIVE



ON DEMAND



INDUSTRY PARTNERSHIPS FORGE ON

Obviously COVID-19 halted business as usual for a large part, if not all, of the first half of 2020. Nonetheless, industry efforts to identify audience targeting solutions, segmentation, and Smart TV addressable solutions continue to gain momentum. For example, CBS joined the OpenAP market, a large advanced advertising platform in the U.S.⁴ Project OAR, an initiative in which companies — including Freewheel, NBCUniversal, Fox, Disney, ViacomCBS, Discovery, Xandr, and others — work to create an open standard for addressable TV advertising, began technical trials in June⁵.





CONCLUSION

Premium video consumption, enjoyed on the big screen, was on the rise pre-Covid; the pandemic fast-forwarded adoption. Premium content providers played a critical role for audiences during these uncertain times, providing entertainment, scheduled content, and trusted live news. The pandemic disrupted media and marketing, TV included, but advertisers continue to take advantage of premium TV's targeting capabilities and immersive experience. In the second half of 2020, we predict digital spending will increase marginally, as brands invest in holiday campaigns. Once the pandemic is behind us, premium TV's growth trajectory will increase at a quicker clip, as will industry progress to advance and simplify targeting and measurement offerings with the ongoing goal of effective audience reach.

BIOGRAPHIES

ABOUT THE AUTHORS



DAVID DWORIN

Leads FreeWheel's Advisory Services team, where he helps clients navigate the ever evolving premium video ecosystem. Prior to joining FreeWheel, David spent a decade leading growth strategy initiatives at leading agencies, consultancies, and professional services firms.



JAMES HAVELOCK

Manager in FreeWheel's Advisory practice based out of London. His areas of expertise include rights and content workflows and their commercialisation including expertise in their underlying processes. Prior to FreeWheel, James focused on delivery workflows at CTS and Ooyala as well as content workflows at the Financial Times.



HALEY GLAZER

Senior Consultant in the Advisory Services team, working with media clients to deliver industry benchmarking, network optimization and reporting and analytics enhancements. Prior to FreeWheel, she worked in ad sales research and corporate analytics at Scripps Networks Interactive and iHeartMedia, and has just completed her Master's Degree in Data Science.



KATE LEHMAN

Senior Consultant in the Advisory Services team. In this role, she works with media clients to deliver endpoint health analysis, new integration/feature implementation, and process optimization. Prior to working at FreeWheel, Kate worked in business operations at Viacom onboarding digital ad insertion on owned and distributor endpoints as well as managing ad sales processes.

GLOSSARY

Ad Completion Rate – Measures the percentage of ads that were completed once started

Addressable TV – Addressability is a form of personalization that optimizes relevance and timing to deliver effective brand engagement at scale. It is a means of connecting your product, content, or offer with the people who would be most interested in it.

Ad View – Occurs each time an ad is displayed

Aggregator / Portal – A party that aggregates and delivers content to users; They do not fit the traditional Publisher or MVPD / Operator relationship

Clip - Video content under 8 minutes long

Connected TV (CTV) – A television set that is connected to the Internet via OTT devices, Blu-ray players, streaming box or stick, and gaming consoles, or has built-in internet capabilities (i.e.,

a Smart TV) and is able to access a variety of long-form and short-form web-based content

Content Vertical – Content genre, e.g. news, entertainment, sports

Deal ID – Unique deal identifier of a programmatic transaction that can be used to match advertisers and publishers directly

Direct-sold – Advertising deals made directly between a publisher and an advertiser

Distributor – A party other than the content rights owner that manages the platform upon which content and advertisements are delivered

Dynamic Ad Insertion (DAI) – Process of dynamically inserting ads into a content stream, such that different ads can be inserted into the same ad break

Linear – Traditional broadcast, cable, or satellite television

Long form – Video content eight minutes or longer

Mid-roll – An ad break that occurs in the middle of content

Multichannel Video Programming Distributor (MVPD) – Provides pay TV services delivered either through broadcast satellite or cable TV. Examples include Comcast and Verizon

MVPD / Operator – A service provider that delivers video programming services, usually for a subscription fee (pay television). Usually includes cable, satellite, and telecommunications service providers.

Over-the-top (OTT) – Viewing content delivered over an internet connection.

Pre-roll – An ad break that occurs before content starts

Premium Video – Video content that is professionally produced, rights managed, and limited in supply

Programmatic – The use of automation software or managed services to execute an advertising deal

Publisher – Owner or licensor of content (content rights owner).

Set-top Box Video On Demand (STB VOD) – Accompanies a cable/ broadcast/ satellite setup. Contains a cable input and outputs to a TV.

Syndication – Viewing that occurs outside of a publisher's Owned and Operated properties or primary platforms

Video View – Accrued after the first frame of video content is displayed

Virtual MVPD (vMVPD) – Digital-only cable alternatives that offer access to both live and on demand premium video content for a subscription fee

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The data set used for this report is one of the largest available on the usage of professional, rights-managed video content worldwide, and is based off of census-level advertising data collected through the FreeWheel platform.

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